

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

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HOUSE BILL 556\*

Short Title: Achieving A Better Life Experience Act. (Public)

Sponsors: Representatives Avila, Lambeth, Hanes, and Meyer (Primary Sponsors).  
*For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.*

Referred to: Finance.

April 6, 2015

1 A BILL TO BE ENTITLED  
2 AN ACT TO ENACT THE ACHIEVING A BETTER LIFE EXPERIENCE (ABLE) ACT.  
3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** Article 23 of Chapter 116 of the General Statutes is amended by  
5 adding a new section to read:

6 "**§ 116-209.25A. Achieving a Better Life Experience Trust Fund.**

7 (a) Policy. – The General Assembly of North Carolina hereby finds and declares that  
8 encouraging and assisting individuals and families in saving private funds for the purpose of  
9 supporting individuals with disabilities to maintain health, independence, and a better quality of  
10 life is fully consistent with and furthers the long-established policy of the State to provide tools  
11 that strengthen opportunities for personal economic development and long-term financial  
12 planning.

13 (b) Definitions. – The following definitions apply in this section:

14 (1) ABLE account. – An account established and owned by an eligible  
15 individual and maintained pursuant to this section.

16 (2) Account owner. – The person who enters into an ABLE savings agreement  
17 pursuant to the provisions of this section. The account owner must be the  
18 designated beneficiary. A trustee or guardian may be appointed a signatory  
19 of an ABLE account to act on behalf of an account owner or a designated  
20 beneficiary who is a minor or lacks capacity to enter into an agreement.

21 (3) Contracting state. – A state without a qualified ABLE program that has  
22 entered into a contract with North Carolina to provide residents of the  
23 contracting state access to a qualified ABLE program.

24 (4) Designated beneficiary. – The eligible individual who established and owns  
25 an ABLE account.

26 (5) Disability certification. – With respect to an individual, documentation that  
27 satisfies each of the following conditions:

28 a. A certification to the satisfaction of the Secretary of the Treasury of  
29 the United States by the individual or the parent or guardian of the  
30 individual that the individual has a medically determinable physical  
31 or mental impairment that (i) results in marked and severe functional  
32 limitations and can be expected to result in death or (ii) has lasted or  
33 can be expected to last for a continuous period of not less than 12  
34 months.



- 1           b. The individual is blind or disabled within the meaning of section  
2           1614(a)(2) of the Social Security Act, and the blindness or disability  
3           occurred before the individual attained 26 years of age. A copy of the  
4           individual's diagnosis, signed by a physician, relating to the  
5           individual's relevant impairment or impairments meeting the criteria  
6           of section 1861(r)(1) of the Social Security Act.
- 7           (6) Eligible individual. – An individual who, for a taxable year, either (i) is  
8           entitled to benefits based on blindness or disability under Title II or XVI of  
9           the Social Security Act, 42 U.S.C. § 301 et seq., and the blindness or  
10           disability is a preexisting condition that occurred before the date on which  
11           the individual attained 26 years of age or (ii) has a disability certification  
12           filed with the Secretary of the Treasury of the United States for the taxable  
13           year.
- 14           (7) Member of the family. – A brother, sister, stepbrother, or stepsister.
- 15           (8) Qualified disability expense. – An expense related to an eligible individual's  
16           blindness or disability that is incurred for the benefit of the eligible  
17           individual who is the designated beneficiary.
- 18           (c) Achieving a Better Life Experience (ABLE) Trust Fund. – There is established an  
19           ABLE trust fund to be administered by the State Education Assistance Authority to enable  
20           contributors to save funds to meet the costs of the qualified disability expenses of eligible  
21           individuals.
- 22           (d) Accounts. – The following provisions apply to an ABLE Account:
- 23           (1) An account owner or contributor may establish an account by making an  
24           initial contribution to the ABLE Trust Fund, signing an application form  
25           approved by the Authority, and naming the designated beneficiary. If the  
26           contributor is not the account owner, the account owner shall also sign the  
27           application form.
- 28           (2) Any person may make contributions to an account after the account is  
29           opened.
- 30           (3) Contributions to an account shall be made only in cash.
- 31           (4) Contributions to an account shall not exceed (i) maximum contribution  
32           limits applicable to program accounts in accordance with the Achieving a  
33           Better Life Experience Program as provided under the Tax Increase  
34           Prevention Act of 2014, Pub. L. No. 113-295 and (ii) the amount reasonably  
35           necessary to meet the designated beneficiary's qualified disability expenses.
- 36           (5) An account owner may change the designated beneficiary of an account to  
37           an eligible individual who is a member of the family of the former  
38           designated beneficiary. At the direction of an account owner, all or a portion  
39           of an account may be transferred to another account of which the designated  
40           beneficiary is a member of the family of the designated beneficiary of the  
41           transferee account if the transferee account was created pursuant to this  
42           section or in accordance with the Achieving a Better Life Experience  
43           Program as provided under the Tax Increase Prevention Act of 2014, Pub. L.  
44           No. 113-295.
- 45           (e) Contributions. – The Authority is authorized to accept, hold, invest, and disburse  
46           contributions, and interest earned on such contributions, from contributors as trustee of the  
47           ABLE Trust Fund. The Authority shall hold all contributions to the ABLE Trust Fund, and any  
48           earnings thereon, in a separate trust fund and shall invest the contributions in accordance with  
49           this section. The assets of the ABLE Trust Fund shall at all times be preserved, invested, and  
50           expended solely for the purposes of the trust fund and shall be held in trust for the contributors  
51           and their designated beneficiaries. Nothing in this Article shall be construed to prohibit the

1 Authority from accepting, holding, and investing contributions from contributors who reside  
2 outside of North Carolina. Neither the contributions to the ABLE Trust Fund, nor the earnings  
3 thereon, shall be considered State moneys, assets of the State, or State revenue for any purpose.  
4 An account or a legal or beneficial interest in an account is not subject to attachment, levy, or  
5 execution by a creditor of designated beneficiary.

6 (f) Investments. – The Authority shall determine an appropriate investment strategy for  
7 the ABLE Trust Fund. The strategy may include a combination of fixed income assets and  
8 preferred or common stocks issued by any company incorporated, or otherwise located within  
9 or without the United States, or other appropriate investment instruments to achieve long-term  
10 return through a combination of capital appreciation and current income. The Authority may  
11 deposit all or any portion of the ABLE Trust Fund for investment either with the State  
12 Treasurer, or in the individual, common, or collective trust funds of an investment manager or  
13 managers that meet the requirements of this subsection. Contributions to the ABLE Trust Fund  
14 on deposit with the State Treasurer shall be invested by the State Treasurer as authorized in  
15 G.S. 147-69.2(b)(1) through (6) and the applicable provisions of G.S. 147-69.3. Unless  
16 prohibited by federal law, contributions to the ABLE Trust Fund may be invested in the  
17 individual, common, or collective trust funds of an investment manager provided that the  
18 investment manager meets both of the following conditions:

19 (1) The investment manager has assets under management of at least one  
20 hundred million dollars (\$100,000,000) at all times.

21 (2) The investment manager is subject to the jurisdiction and regulation of the  
22 United States Securities and Exchange Commission.

23 (g) Administration. – The Authority shall develop and perform all functions necessary  
24 and desirable to (i) administer the ABLE Trust Fund in such a manner as to meet and comply  
25 with the requirements of the Achieving a Better Life Experience Program as provided under the  
26 Tax Increase Prevention Act of 2014, Pub. L. No. 113-295 and federal regulations under the act  
27 and (ii) provide such other services as the Authority shall deem necessary to facilitate  
28 participation in the ABLE Trust Fund. The Authority is further authorized to obtain the services  
29 of such investment advisors or program managers as may be necessary for the proper  
30 administration and marketing and investment strategy for the ABLE Trust Fund.

31 (h) Limitations. – The Authority, in administering the ABLE Trust Fund, shall ensure  
32 each of the following:

33 (1) A rollover from an ABLE account does not apply to an amount paid or  
34 distributed from the ABLE account to the extent that, not later than the 60th  
35 day after the date of the payment or distribution, the amount received is paid  
36 into another ABLE account for the benefit of the same designated  
37 beneficiary or an eligible individual who is a member of the family of the  
38 designated beneficiary. The limitation of this subdivision does not apply to a  
39 transfer if the transfer occurs within 12 months after the date of a previous  
40 transfer under this subchapter for the benefit of the designated beneficiary.

41 (2) A person may make contributions for a taxable year for the benefit of an  
42 individual who is an eligible individual for the taxable year to an ABLE  
43 account that is established to meet the qualified disability expenses of the  
44 designated beneficiary of the account.

45 (3) A designated beneficiary is limited to one ABLE account.

46 (4) An ABLE account may be established only for a designated beneficiary who  
47 is a resident of North Carolina or a resident of a contracting state.

48 (5) Except as permitted under the Achieving a Better Life Experience Program  
49 as provided under the Tax Increase Prevention Act of 2014, Pub. L. No.  
50 113-295, a person does not direct the investment of any contributions to or

1 earnings from the Achieving a Better Life Experience Program more than  
2 two times each year.

3 (6) An account or a legal or beneficial interest in an account is not assignable,  
4 pledged, or otherwise used to secure or obtain a loan or other advancement.

5 (7) Separate records and accounting are maintained for each ABLE account.

6 (8) Reports are made no less frequently than annually to each ABLE account  
7 owner.

8 (9) A trustee or guardian appointed as a signatory of an ABLE account does not  
9 have or acquire any beneficial interest in the account and administers the  
10 account for the benefit of the designated beneficiary.

11 (i) Disclaimer. – Nothing in this section shall be construed to create any obligation of  
12 the Authority, the State Treasurer, the State, or any agency or instrumentality of the State to  
13 guarantee for the benefit of any parent, other interested party, or designated beneficiary the rate  
14 of return or other return for any contribution to the ABLE Trust Fund and the payment of  
15 interest or other return on any contribution to the ABLE Trust Fund.

16 (j) Fees. – The Authority may establish application, account, and administration fees in  
17 an amount not to exceed the amount necessary to offset the costs of the program.

18 (k) Means-Tested Programs. – Notwithstanding any other provision of law, assets of  
19 and distributions for qualified disability expenses from an ABLE account shall be disregarded  
20 for purposes of determining whether a designated beneficiary's financial circumstances meet  
21 the eligibility requirements of other State assistance programs."

22 **SECTION 2.** This act is effective when it becomes law. The Authority shall begin  
23 accepting contributions authorized under this act when the State Treasurer notifies the  
24 Authority that federal regulations regarding the Achieving a Better Life Experience Program,  
25 as provided under the Tax Increase Prevention Act of 2014, Pub. L. No. 113-295, have been  
26 issued and provide the guidance necessary to implement the Achieving a Better Life  
27 Experience Trust Fund Program established in this act.